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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

Malaysia: One Year After

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MALAYSIA: ONE YEAR AFTER

In the year since the serious communal violence of May 1969, Kuala Lumpur has failed to take any substantial steps toward reducing racial friction and restoring parliamentary democracy. The leadership of the National Operations Council, a body organized to take over the government following the rioting, has, if anything, only further alienated extremist factions in both the Malay and Chinese communities. A nervous government has managed to keep things under control by resorting to stringent security measures, but renewed racial violence remains a constant threat. Meanwhile, Malaysia continues to drift, and its future, largely determined by a small handful of [redacted] leaders, remains an open question.

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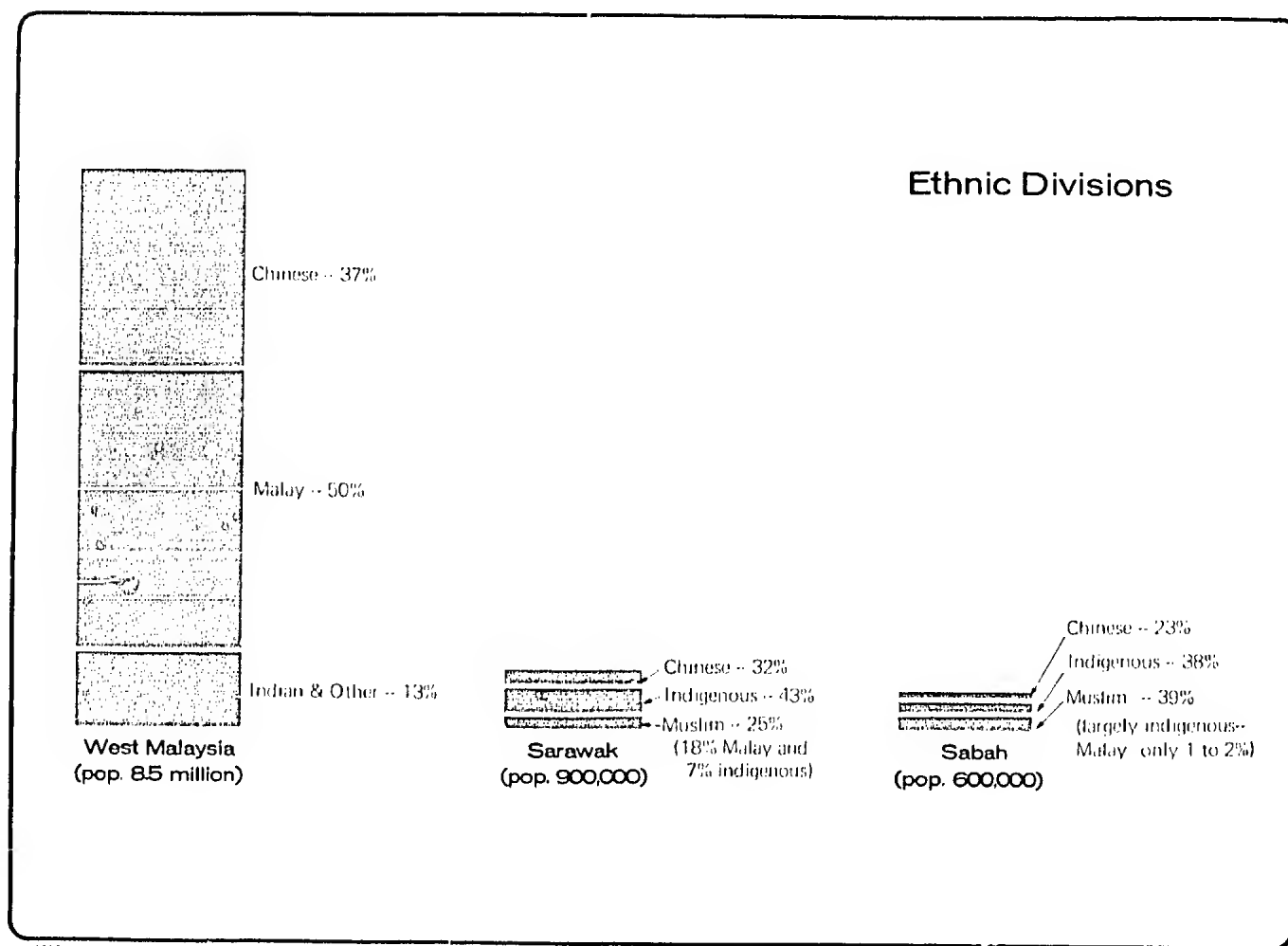
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The Breakdown of Communal Politics

Until May 1969, Malaysia had a functioning but delicately balanced political system that reflected its racial make-up. In West Malaysia the Malays constitute nearly half the population, the Chinese almost two fifths, and Indians most of the balance. The predominantly rural indigenous Malay population looks on the more affluent and urban Chinese as aggressive newcomers who are out to reduce the original Malay citizenry to a servile role. For their part, the Chinese regard the Malays as generally indolent parasites feeding off the economic prosperity created by Chinese

brains and energy. The two races have lived together at arm's length, but because of their mutual antipathy, violence has always been close to the surface.

Faced with this racial tinderbox, political leaders of the two communities worked out a compromise formula in the early 1950s in the hope of achieving political and social stability. The formula tacitly agreed to Malay political domination and a privileged position in return for which the Chinese would be allowed to dominate the economy. The Malays were to retain their privileged position until they could compete on



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an equal footing with the Chinese. The 1957 constitution legally recognized Malay privileges in such areas as government jobs, education, and land ownership. Chinese voting strength was restricted through the device of giving the rural, and therefore Malay, voting districts a disproportionately heavy representation.

The political vehicle for this arrangement between the Malay and Chinese establishments was a coalition called the "Alliance," within whose framework the United Malay National Organization (UMNO) was the senior member. The two junior partners were the Malayan Chinese Association (MCA) and the Malayan Indian Congress. Chinese voting strength was in effect further restricted by the MCA's willingness to contest only a mutually agreed upon number of "Chinese" parliamentary seats.

The Alliance was credited with achieving remarkable communal and political stability, and Malaya was widely hailed as the prime example of a multiracial nation functioning as a successful parliamentary democracy. The strength of communal feeling, however, was not to be papered over indefinitely. The establishment of the wider federation of Malaysia in 1963, with a greater Chinese percentage of the racial mix, significantly heightened the Malays' concern over the security of their dominant political position. Malay initiative in easing the Chinese city of Singapore out of the nation in 1965 was a direct result of this apprehension. The Malay-led government in Kuala Lumpur feared, with some justification, that Singapore Prime Minister Lee Kuan Yew's political appeal and organizational success in the island state might be extended to the Malayan peninsula itself.

In retrospect, however, the expulsion of Singapore only postponed the day of reckoning for the Alliance. Large numbers of politically active Chinese in Malaysia, fully aware of the implications the expulsion of Singapore held for their own future, became increasingly disenchanted with the "Uncle Tom" MCA and more

and more dissatisfied with the secondary political status of the Chinese population. Signs of Chinese disaffection inevitably led to a fanning of conservative, anti-Chinese Malay sentiment.

The unexpected depth of this reaction against the old Alliance system was revealed by the National elections in April 1969. The government went into the elections with 115 out of 144 parliamentary seats, including 89 out of the 104 West Malaysian seats. To the government's dismay, the extremist or "ultra" Pan-Malayan Islamic Party (PMIP) captured three UMNO seats, minor Chinese-dominated parties took 14 of the MCA's 27 seats, and the Indian partner also lost seats. The Alliance was left with only 65 of the West Malaysian seats. In addition, the PMIP won a majority of the Malay vote in almost all the constituencies in which it ran candidates. Although it only won 12 seats, its popular vote was almost one fourth of the total.

This evidence of political polarization along racial lines and the ensuing riots left the government badly shaken. The lethargic Alliance had not been aware that the moderate Chinese in the MCA were scorned by such large numbers of the Chinese population, or that the PMIP, whose strength is based mainly in the predominantly Malay northeast states, had so expanded its appeal. The Chinese partner in the Alliance added to Malay apprehensions when a spokesman announced that his party was withdrawing from the cabinet but would support the government. Many Malays interpreted this as an abandonment of the Alliance concept.

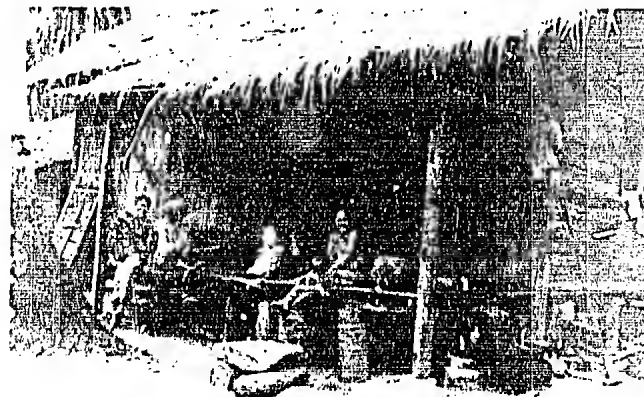
When the election results came in, the government's authority broke down, and widespread racial rioting erupted. At least 150 people, mostly Chinese, were killed, and the government imposed a state of emergency that still stands. After the violence broke out, Kuala Lumpur suspended elections in the Borneo states of Sabah and Sarawak—elections that are only now being held.

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NEIGHBORS IN A RACIAL TINDERBOX



Special Report

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A Year of Lethargy

In May 1969, the National Operations Council was set up to conduct the essential business of government under emergency powers. The Malay leaders made it clear that Malay domination of the government would be maintained at all costs, and there have been few indications over the past year that a return to parliamentary methods will come soon. A "multiracial" cabinet appointed in late May 1969 is largely a facade with no real influence. Two Indians and four Chinese were appointed to fulfill "special functions" that were never defined, but otherwise the cabinet is made up entirely of Malays. Subordinate state operations councils were also established to supervise political activity in Malaysia's 11 mainland states as well as in Sarawak and Sabah.

The government's primary concern during the past year has been to keep the lid on rather than to try to solve the country's many problems. Tunku Rahman's major peacekeeping contribution was to establish a series of "good will" committees at various governmental levels. These committees, which operate on the premise that the less said about Malaysian racial problems the better, have accomplished little. The National Operations Council has yet to open an inquiry into the cause of the May 1969 disturbances, and the Alliance government continues to dismiss objective accounts of the scope and nature of last year's disturbances as malicious and unfounded. In short, with the government simply marking time, the political and racial situations are potentially as explosive now as they were a year ago.

Most Malaysian Chinese are lying low for the time being, perhaps seeing a renewal of communal violence as worse than the present status quo. Chinese who cooperate with the government, however, are immediately dubbed "Uncle Toms," and the government's autocratic rule is probably driving more and more Chinese to a sympathetic view of extremist action. Although hard evidence is lacking, there have been indications that some Chinese are stockpiling weapons and food so as

not to be caught unprepared in the event of another round of violence.

As for the Malays, the "ultras" have become increasingly estranged from their more moderate compatriots in the government. On the predominantly Malay-populated East Coast, anti-Chinese feeling is particularly high, and the prestige of the extremist Pan-Malay Islamic Party has increased. Some months ago the moderates ousted Dr. Mahatir, an "ultra," from the central executive committee of the United Malay National Organization, for attacks on Prime Minister Rahman's leadership, and he was subsequently expelled from the party. While biding his time on the sidelines, Dr. Mahatir has elected to validate his credentials as an extremist by issuing at least one pamphlet calling for a renewal of communal violence. Thus, the weak government seems to be caught in the middle between wary, dissatisfied Chinese and vainglorious Malays.

Moribund Leadership

In this fluid situation, perhaps the most serious problem facing the government is a potential leadership gap. Prime Minister Rahman went into semiretirement for a period following



**PRIME MINISTER RAHMAN:
SOON TO RETIRE?**

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the riots and, although now back on the job, he still professes a desire to retire "soon." Rahman suffered considerable loss of political stature among many Malays because of his policy of cooperation with the Chinese community.

bred a strong tradition of nonparticipation in politics. The majority of the armed forces are probably loyal to the government, although how quickly or impartially they would act to put down communal disturbances is an open question, particularly if, as in May 1969, the Chinese were the chief victims. Leading elements in the army are almost entirely Malay, and even the high-ranking positions in the police, many of which have been held by Chinese, are being filled by Malays.

The inability of Ismail, probably the brightest light in the present leadership, to return to active duty would be a heavy loss. Razak has indicated that when he succeeds to the premiership he hopes to lean heavily on Ismail—suggesting that the country would be run virtually by a dual premier system.

Despite the long tradition of nonpolitical involvement, however, rumors have been circulating during the past few months that some officers might consider taking over the government. The longer the central government pursues its doing-nothing policies, the greater such a possibility becomes. In fact, the rumors themselves may generate some momentum along these lines. An editorial in a leading Malay-language newspaper several months ago seemed to suggest that an army-led government might be a good idea. Any attempt at a military take-over, however, would be fraught with a number of problems, including the extreme rivalry between the army and the police and the necessity of winning at least token support from the civilians in the government.

Potentially the most influential civilian leader is Permanent Secretary of the Ministry of Foreign Affairs Tan Sri Ghazali. He is not a member of parliament and is therefore ineligible for participation in the cabinet, but his political ambitions are well known. During the past few months Ghazali has been spreading rumors seemingly devised to attract the sympathy of the radical Malays, and he may be trying to lay the groundwork for his own political career.

Communist Activity

In addition to the overriding communal problem, Kuala Lumpur during the past year has been faced with increased activity on the part of the Communist Terrorist Organization (CTO), the militant arm of the Malayan Communist Party. At the end of the Communist terrorist Emergency ten years ago, a remnant of Communist insurgents fled to bases in southern Thailand, and today some 1,300 insurgents and a larger number of sympathizers still maintain those bases. In 1968 the long-inactive insurgents announced their intention of moving from "revolutionary to armed struggle" and have since made good on their word by harassing government patrols and outposts and occasionally mounting larger attacks on communications facilities and isolated villages. The

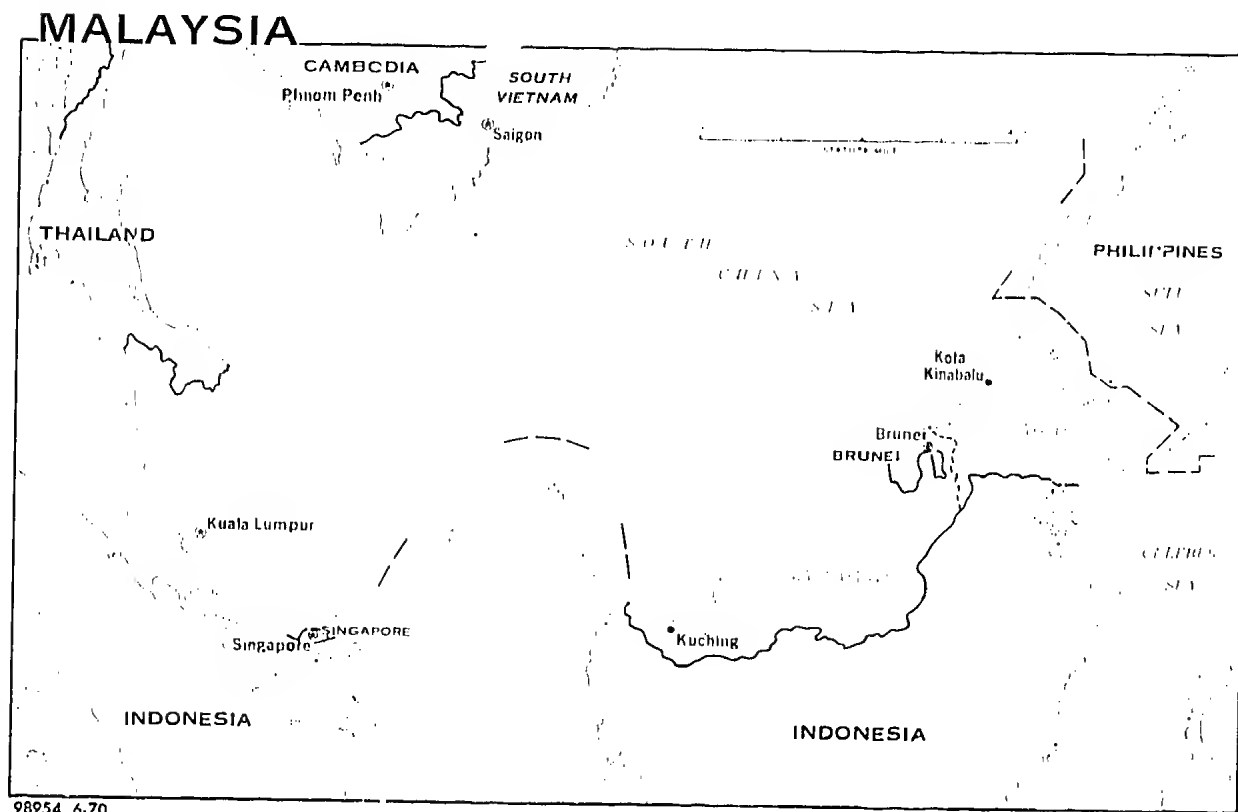
The Role of the Military

In the context of the country's future leadership, the army and police are an enigmatic factor. British influence on the security forces has

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insurgents, however, apparently have not yet made serious efforts to establish permanent bases in Malaysian territory.

Kuala Lumpur has met this increased insurgent aggressiveness by reinforcing government units in the border area and by engaging in more patrolling and intelligence activity, sometimes in conjunction with Thai security forces. The government, denying that it is particularly concerned about the CTO, points to the Communists' failure to establish base areas on Malaysian soil. Nevertheless, the insurgent operations have forced Kuala Lumpur to station a large percentage of its armed forces in northern Malaya.

Perhaps the most noteworthy aspect of this renewed insurgency has been the CTO's attempt to widen its appeal by capitalizing on anti-central government feeling growing within all Malaysia's racial groups. Last year the organiza-

tion increased its strength by about one third, gaining recruits mainly from the Chinese population, its traditional base of support. It also enlisted some Malays in the border area, however, a distinct change from the previous Communist practice of recruiting Chinese almost exclusively. The CTO's effort to lose its "Chinese" label also has been reflected in recent Communist propaganda activity. "The Voice of the Malayan Revolution," a radio station that began broadcasting from southern China last fall, has emphasized the need for all of Malaysia's ethnic groups to join the CTO in its fight against the "bourgeois" government in Kuala Lumpur.

A more balanced racial base indeed is probably a necessity if the terrorist organization is ever to mount a successful nationwide insurgency. Given the rising level of communal antagonism in Malaysia, however, long-overdue Communist efforts in this direction are not likely to have quick or dramatic results.

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Regardless of whether the CTO ultimately succeeds or fails in building a multiracial base of support, Malaysia's continuing political crisis can only play into the Communists' hands. A recent report, for example, has tied the Labor Party of Malaya, a left-wing, predominantly Chinese group, to the wave of terrorist bombings that occurred just before the 40th anniversary of the Communist Party of Malaya in late May 1970. The Labor Party is presently in the process of closing down a large number of its branches—a strong suggestion that the party, or at least many of its members, may have reached an agreement with the CTO and is preparing to go underground.

Problems in East Malaysia

Communist terrorism in Sarawak also poses a definite problem for the government. Although only about 300 armed insurgents are presently operating in Sarawak, the potential for expanded insurgency could still be as serious as that in West Malaysia. As in West Malaysia, the Communist movement in Sarawak consists predominantly of Chinese operating for the most part from within the rural Chinese community. The situation differs from that in West Malaysia, however, in that the Chinese, who constitute about 30 percent of the population, heavily outnumber the Malays and are generally supported by the indigenous tribal peoples who make up more than 40 percent of the population. The Chinese and tribal population resents not only the political control by the Malay government in Kuala Lumpur but even more the indiscriminate and heavy-handed tactics of Malay security officials. According to recent reports, many of the "terrorists" arrested by Malaysian security forces have turned out to be innocent Chinese farmers.

For the time being, at least, the problem of potentially serious Communist insurgency has been overshadowed by steadily growing political tension in Kuching. Sarawak political leaders have become more and more restive since state elections were suspended in the wake of the 1969 riots. The predominantly Chinese and tribal

political parties have deeply resented the Malay rule by fiat during the past year. More recently, Kuala Lumpur's announced intention to take for itself the lucrative benefits of future offshore oil ventures has generated a mood in which the idea of secession is germinating.

In an obvious attempt to damp down political unrest, Kuala Lumpur announced last March that Sarawak state elections were being scheduled for June 1970. Although there was some doubt that the government would go ahead with the elections, polling began in mid-June and will be concluded in mid-July. The Alliance Party will almost certainly fail to win a majority in Sarawak, and the government will probably in the end have either to strike some kind of "understanding" with the Sarawak United Peoples Party (SUPP), a Chinese-dominated party that stands to make the best electoral showing, or to help form a coalition among SUPP and the indigenous and Malay parties in the state. Kuala Lumpur hopes to make an arrangement that might allow the Alliance Party to join a coalition government or at least allow it to exert some influence over the state government. Whether or not such a scheme can get off the ground, Kuala Lumpur will have difficulty with any non - Alliance Party government, and discontent in Kuching is sure to remain a major political preoccupation for the central government.

Sabah, the other political component of East Malaysia, has been an area of relative calm. Its chief minister is a Malay who is fully responsive to the wishes of the central government. Recently, however, the chief minister has been promoting his theories of cultural unity that envision a Malay-dominated and Malay-oriented society. This unenlightened approach promises to stir up trouble among the tribal and Chinese populations.

Foreign Relations

The climate created by the racial outbreaks in 1969 has had a direct effect on Malaysia's relations with its close neighbor, Singapore. The

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same Malay distrust of predominantly Chinese Singapore that led to the city's expulsion from Malaysia in 1965 surfaced in full force after the 1969 rioting, and relations since have been cool. On the other hand, relations with Indonesia have improved considerably over the past year. The suspicions and strains caused by Sukarno's "confrontation" have largely been put aside, and the anti-Chinese orientation of the two Muslim-dominated states has been a unifying factor. Elsewhere, Kuala Lumpur has managed to make progress on two long-standing foreign problems. Diplomatic relations with the Philippines, suspended in 1968 during the dispute over the ownership of Sabah, were restored early this year despite the fact that Manila has not yet dropped its claim to the Malaysian state. In addition, a new border arrangement with Thailand has been worked out, permitting Malaysian forces somewhat more freedom to cross the border in hot pursuit of Communist insurgents.

Although Malaysia has established ties with the Soviet Union and several other Eastern European countries, its orientation remains primarily Western. With the UK planning to withdraw its troops from Malaysia in late 1971, Kuala Lumpur hopes to be able to utilize the nascent five-power defense agreement, a planned joint venture by Malaysia, Singapore, New Zealand, Australia, and Britain, as the keystone for its future defense policies. Given the country's present good relations with Thailand, its at least outward truce with the Philippines, and Singapore's reluctance to become involved in international battles, Malaysia probably will not require any outside help to maintain its sovereignty. Moreover, the five-power arrangement, although unlikely to function as a real military force, will help to meet the country's thwarted desires for a continued British military presence. The British themselves now are planning to maintain at least a token presence after the pullout in late 1971; the rotation of training missions, a concept London has considered recently in the case of Brunei, scheduled for independence late this year, could provide a convenient means of reassuring Kuala Lumpur, too.

A Clouded Future

The continued agitation by conservatives for further guarantees of Malay political dominance and greater Malay economic opportunities casts a shadow over Malaysia's future. In other words, the government remains under pressure to pledge openly its allegiance to a 19th century political and social system, a system that now is being rejected by the sizable Chinese and tribal minority. Although the more moderate elements of the present leadership may recognize the need for change, no Malay government is likely to repudiate conservative sentiment that has widespread appeal throughout the Malay countryside. As a result, the government has been able to do little more than maintain an uneasy peace.

In this volatile climate there are several possibilities that leave Kuala Lumpur's future uncertain. If severe racial rioting were to break out, the army might refuse to act against the Malay rioters and, as a result of the likelihood of widespread carnage, might decide to take over the reins of government. This very real possibility, given the growing antipathy between the Chinese and radical Malays, is one the government is largely ignoring. Adding to the dimensions of this potential problem is the possibility of attrition in the ranks of the very small Malay political elite.

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If, however, the government can hold elections, restore parliamentary forms, continue the current moderate leadership, and throw enough crumbs to the conservative Malays to pacify them, then Malaysia will probably rock along in a relatively peaceable fashion for the next few years. Malaysia's thriving economy will continue to be a definite plus for the government in its efforts to maintain racial peace, but sooner or later—and probably sooner—Kuala Lumpur will be forced to face up to its own identity crisis.

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